

**TOWN OF LYNN
WATER DEPARTMENT**

AGREED-UPON PROCEDURES AND COMPILATION REPORT

Year Ended December 31, 2023 and 2022

Williams & Morris, Accounting & Tax Service, LLC

Sheila Williams, CPA

Jodi Morris

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and Town Council
Town of Lynn Water Department
PO Box 100
Lynn, AR 72440

We have performed the procedures enumerated below, which were agreed to by the management of the Town of Lynn Water Department, solely to assist you with respect to the accounting records of management as of and for the years ended December 31, 2023 and 2022. This report is prepared in accordance with Ark. Code Ann. 14-234-119 through 122. The Town of Lynn Water Department's management is responsible for the company's accounting records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Cash and Investments

1.
 - A. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
 - B. Determine the ending book balance is within 5% or \$500, whichever is greater, of the proof of cash.
 - C. Confirm with depository institutions the cash on deposit and investments.

We found no exceptions as a result of the above procedures.

Receipts

2.
 - A. Determine total receipts per journal are within 5% or \$500, whichever is greater, of deposits per proof of cash
 - B. Agree ten (10) customer payments on the accounts receivable subledger to deposit and billing documents.
 - C. For ten (10) deposits, agree the cash/check composition of the deposit with receipt information.

We found no exceptions as a result of the above procedures.

Accounts Receivable

3.
 - A. Agree ten (10) customer billings to the accounts receivable subledger.
 - B. Determine that five (5) customer adjustments were properly authorized.

We found no exceptions as a result of the above procedures.

Disbursements

4.
 - A. Determine total disbursements per journal are within 5% or \$500, whichever is greater, of deposits per proof of cash.

- B. Analyze all property, plant, and equipment disbursements.
- C. Determine all disbursements paid to employees other than payroll and ten (10) other disbursements were adequately documented. (Materiality level – 5% of total dollars of selected disbursements or \$500, whichever is greater.)

We found no exceptions as a result of the above procedures.

Property, Plant, and Equipment

- 5. A. Determine that additions and disposals were properly accounted for in the records. (Materiality level - 5% of total equipment or \$500, whichever is greater.)

We found no exceptions as a result of the above procedures.

Long-Term Debt

- 6. A. Schedule long-term debt and verify changes in all balances for the year.
- B. Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor.
- C. Determine that the appropriate debt service accounts have been established and maintained.

We found no exceptions as a result of the above procedures.

General

- 7. A. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

We found no exceptions as a result of the above procedures.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Town of Lynn Water Department and the Division of Legislative Audit, and is not intended to be and should not be used by anyone other than those specified parties. However, pursuant to Arkansas Code Annotated §10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

Sheila Williams, CPA

Williams & Morris Accounting & Tax Service, LLC

September 25, 2024

Williams & Morris, Accounting & Tax Service, LLC

Sheila Williams, CPA

Jodi Morris

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Honorable Mayor and Town Council
Town of Lynn Water Department
PO Box 100
Lynn, AR 72440

Management is responsible for the accompanying financial statements of the Town of Lynn Water Department, which comprise the statement of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Sheila Williams, CPA

Williams & Morris Accounting & Tax Service, LLC
Imboden, Arkansas

September 25, 2024

TOWN OF LYNN WATER DEPARTMENT

Statement of Net Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 244,126	\$ 319,491
Accounts receivable	9,062	8,873
Total Current Assets	253,188	328,364
Capital Assets, Net of Accumulated Depreciation	25,942	4,955
Total Assets	\$ 279,130	\$ 333,319
LIABILITIES AND NET ASSETS		
Current Liabilities		
Sales tax payable	\$ 796	\$ 795
Payroll tax payable	2,593	2,496
Trash & Sewer payable	6,385	6,048
Total Current Liabilities	9,774	9,339
Total Liabilities	9,774	9,339
Net Position		
Net invested in capital assets	25,942	4,955
Restricted	206,820	212,513
Unrestricted	36,594	106,512
Total Net Position	269,356	323,980
Total Liabilities and Net Position	\$ 279,130	\$ 333,319

TOWN OF LYNN WATER DEPARTMENT

**Statement of Activities
For Year Ended December 31, 2023 and 2022**

	2023	2022
Operating Revenues		
Water sales	\$ 111,079	\$ 104,050
Connection fees	800	425
Re-Connect fees	475	225
Meter deposit fees	3,210	224
Miscellaneous	2,053	2,745
Late Fees	3,712	3,352
New Installation	2,750	-
Total Operating Revenues	124,079	111,021
Operating Expenses		
Community Room	-	50
Depreciation expense	3,013	548
Dues & Subscriptions	1,430	500
Insurance	1,370	2,083
Licenses & permits	45	25
Miscellaneous	923	337
Office expense	7,424	5,527
Professional Services	-	3,600
Payroll Taxes	3,005	2,756
Repair & maintenance	107,267	22,028
Trash & Sewer Expense	2,563	2,061
Utilities	12,150	14,943
Wages	40,430	36,235
Total Operating Expenses	179,620	90,693
Operating Income (Loss)	(55,541)	20,328
Other Income		
Coop dividends	201	398
State Highway Department Grant	-	2,112
Interest Income	716	753
Total Other Income	917	3,263
Change in Net Position	(54,624)	23,591
Net Position, Beginning of Year	323,980	300,389
Net Position, End of Year	\$ 269,356	\$ 323,980

TOWN OF LYNN WATER DEPARTMENT

Statement of Cash Flows

For Year Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Position	\$ (54,624)	\$ 23,591
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,013	548
Decrease (increase) in receivables	(189)	(1,749)
Increase (decrease) in payables	435	539
Net Cash Provided by Operating Activities	<u>(51,365)</u>	<u>22,929</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Asset Expenditure	(24,000)	(1,779)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(75,365)</u>	<u>21,150</u>
Cash and Cash Equivalents - Beginning of Year	<u>319,491</u>	<u>298,341</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 244,126</u></u>	<u><u>\$ 319,491</u></u>